

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO: _____
v.	:	DATE FILED: _____
THOMAS LINDENFELD	:	VIOLATIONS: 18 U.S.C. §§ 1343, 1346, 1349 (conspiracy to commit wire fraud – 1 count)

INFORMATION

THE UNITED STATES ATTORNEY CHARGES THAT:

All dates and times in this Information are alleged to be “on or about” the specific dates and times:

1. Defendant THOMAS LINDENFELD is a political consultant and founded a political consulting firm named LSG Strategies (“LSG”) based in Washington, D.C.
2. In 2007, Elected Official A ran for election as a candidate for Mayor of Philadelphia, Pennsylvania. Elected Official A hired defendant THOMAS LINDENFELD and LSG Strategies to support the mayoral campaign.
3. Nonprofit 1 was founded by Elected Official A and run by its chief executive officer, Person A, a former employee of Elected Official A. For years, Nonprofit 1 was also responsible for organizing Elected Official A’s Annual Conference on Higher Education. The conference was supported financially in large measure by the SallieMae Fund. Nonprofit 1 also received the vast majority of its funding from the federal government via grants. Specifically, Nonprofit 1 received grant funding from the U.S. Department of Justice (“DOJ”), the Department

of Commerce, the National Aeronautic and Space Administration (“NASA”), and the National Oceanic and Atmospheric Administration (“NOAA”), among other federal agencies.

4. In 2007, as Elected Official A’s candidacy faltered and suffered in the polling, his campaign’s finances began to suffer significantly. The growing weakness in the campaign’s finances was a well-known and obvious fact to Elected Official A’s inner circle which included, among others, defendant THOMAS LINDENFELD.

5. In April 2007, as his mayoral campaign funds were diminishing, Elected Official A lost a challenge to Philadelphia’s campaign finance contribution limits in the Pennsylvania Superior Court. After losing in court, defendant THOMAS LINDENFELD, Elected Official A, and their co-conspirators engaged in a scheme to violate the applicable campaign finance laws and contribution limits by secretly arranging for and receiving an illegal \$1 million campaign contribution in the form of a loan from long-time friend and political supporter, Person D.

6. Defendant THOMAS LINDENFELD, Elected Official A, and their co-conspirators routed the \$1 million contribution from Person D through defendant LINDENFELD’s LSG. LINDENFELD and LSG executed a promissory note with Person D, and used Person D’s money - received via wire transfer - to pay various expenses of Elected Official A’s mayoral campaign directly in advance of the mayoral primary. Portions of the \$1 million were directed to Gregory Naylor, charged elsewhere, and Naylor’s firm, Sydney Lei & Associates, Inc. (“SLA”), and Naylor spent that money on behalf of Elected Official A’s mayoral campaign.

7. Between April 30, 2007 and primary election day, defendant THOMAS LINDENFELD and Naylor spent in total approximately \$600,000 from the loan proceeds in support of Elected Official A’s mayoral campaign. On election day itself, approximately

\$200,000 in cash was spent as “walking around money” in support of Elected Official A’s mayoral campaign.

8. To document the \$200,000 in “walking around money” and to disguise the source of the funds on campaign finance reports, defendant THOMAS LINDENFELD and Naylor, at Elected Official A’s direction, agreed that Naylor would submit a false invoice for the cash from SLA to Elected Official A’s mayoral campaign. Naylor prepared the false invoice for \$193,580.19 from SLA and addressed it to the mayoral campaign’s treasurer. At the time the invoice was prepared, defendant LINDENFELD, Elected Official A, and Naylor were well aware that the campaign did not owe SLA any money for the services detailed in the SLA invoice dated June 1, 2007.

9. Elected Official A subsequently lost the primary election which ended his mayoral campaign. On or about June 22, 2007, defendant THOMAS LINDENFELD returned to Person D \$400,000 of the loan proceeds that had gone unspent during the primary campaign, leaving a \$600,000 loan balance.

10. After Elected Official A lost the mayoral primary, his campaign reported his campaign’s outstanding debt in its “Campaign Finance Statement” publicly filed with the Commonwealth of Pennsylvania. In that “Campaign Finance Statement” filed on or about June 15, 2007, the campaign did not report the loan from Person D and falsely reported the outstanding campaign “debt” to Naylor’s SLA for \$193,580.19 as documented by Naylor in the false invoice.

11. Each Campaign Finance Report submitted by Elected Official A’s mayoral campaign was signed by Elected Official A affirming that his campaign “has not violated any provisions” of the applicable campaign finance laws.

12. In late 2007, Person D, experienced acute financial difficulty and instructed his son to contact defendant THOMAS LINDENFELD at LSG to call in the debt. Defendant LINDENFELD reported Person D's demand for repayment to Elected Official A and his friends, associates, and current or former staffers, including defendant Naylor.

13. Person C was the spouse of a former staffer of Elected Official A and founder of a for-profit Philadelphia-based public policy technology company, Company 2. Company 2 was based at 728 South Broad Street, Philadelphia, Pennsylvania, 19146.

14. After Elected Official A lost the mayoral primary in May of 2007, Elected Official A's mayoral campaign owed defendant THOMAS LINDENFELD and LSG Strategies a substantial sum of money for the work defendant LINDENFELD and LSG had done on Elected Official A's campaign.

15. In 2008, defendant THOMAS LINDENFELD met with Elected Official A to discuss the outstanding sum owed to LSG by Elected Official A's mayoral campaign. During the meeting, Elected Official A told defendant LINDENFELD that he could not raise the funds necessary to pay LINDENFELD and LSG within the constraints of the campaign finance laws. Elected Official A then proposed instead a federal grant for a nonprofit organization to be created by LINDENFELD. Elected Official A sought and received LINDENFELD's agreement to reduce the debt owed by Elected Official A to LINDENFELD's LSG reported on the mayoral campaign's publicly filed Campaign Finance Reports.

16. In 2009, with Elected Official A's debt to defendant THOMAS LINDENFELD and LSG still unpaid, Elected Official A sought an earmark for \$15 million in federal funding from the

National Oceanic and Atmospheric Administration (“NOAA”) for an entity named “Blue Guardians” during the congressional appropriations process for fiscal year 2010.

17. In late 2009, Elected Official A’s office contacted defendant THOMAS LINDENFELD and advised him that funding had been appropriated for “Blue Guardians” in the amount of \$500,000 for fiscal year 2010.

18. In March 2010, NOAA received formal notice that it was to provide the \$500,000 appropriation in federal grant funding to “Blue Guardians.” Before receiving that notice, NOAA received a Freedom of Information Act (“FOIA”) request on March 18, 2010 from a Philadelphia reporter seeking details on a Philadelphia-based entity named “Blue Guardians” using the address 728 South Broad Street, Philadelphia, Pennsylvania 19146. NOAA attempted to contact “Blue Guardians” and learned that the entity did not have a website. NOAA was unable to identify a point of contact for “Blue Guardians” until the agency contacted Elected Official A’s office.

THE CONSPIRACY TO DEFRAUD

19. From in or around January 2007 and continuing through in or around January 31, 2014, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

THOMAS LINDENFELD

knowingly conspired, confederated and agreed with persons known and unknown to the United States Attorney, to devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and to deprive the citizens of the United States and Elected Official A's Congressional District of its right to the honest services of Elected Official A through bribery, kickbacks, and the concealment of material information.

THE OBJECTIVES OF THE CONSPIRACY AND ARTIFICE TO DEFRAUD

20. The objectives of the scheme to defraud included the following:
- a. Furthering and supporting by any means the political ambitions of Elected Official A and his organization, including promoting Elected Official A's campaign as a mayoral candidate in the City of Philadelphia's 2007 election.
 - b. Satisfying monetary debts incurred by Elected Official A and his mayoral campaign, including an illegal campaign contribution received in the form of a loan from Person D and money owed to defendant THOMAS LINDENFELD's LSG, by (1) creating a series of false contracts masking the transfer of charitable and federal grant funds stolen to repay the debts, (2) filing false campaign reports intending to conceal the scheme, and (3) applying for federal grant funds for "Blue Guardians" as a means to repay campaign debts;
 - c. Financially enriching the conspirators, associates, and their entities, organizations, and businesses within their control by using the power, authority, and influence of Elected Official A's position as a public official to commit wire fraud; and
 - d. Concealing and protecting the activities of the conspirators from detection and prosecution by election officials, law enforcement officials, and the federal judiciary, as well as from exposure by the news media, through means that included falsifying documents and obstructing justice.

MANNER AND MEANS OF THE CONSPIRACY

Among the manner and means by which defendant THOMAS LINDENFELD, Elected Official A, and their co-conspirators carried out the conspiracy were the following:

Settling the Campaign Debt to Person D

21. To repay the campaign debt to Person D, Elected Official A, and co-conspirators, known to the United States Attorney, arranged for Nonprofit 1, founded by Elected Official A, to route charitable funds received from the SallieMae Fund and also federal grant money to Company 2 under the guise of a false contract for services. Company 2 executed the fake contract with Person A at Nonprofit 1 to disguise the movement of the money from Nonprofit 1 to Company 2. Company 2 and defendant THOMAS LINDENFELD on behalf of LSG executed a fake contract to disguise the movement of money from Company 2 to defendant LINDENFELD's LSG which LINDENFELD then used to repay Person D.

Settling the Campaign Debt to Lindenfeld and LSG

22. To pay the campaign debt to defendant THOMAS LINDENFELD and LSG, defendant LINDENFELD, Elected Official A, and co-conspirators, known and unknown to the United States Attorney, agreed to use Elected Official A's status as a public official to obtain federal funding for a so-called environmental advocacy group named "Blue Guardians" to be run by LINDENFELD which was created for the purpose of receiving federal funds and profiting LINDENFELD and his associates. In exchange, Elected Official A sought and received LINDENFELD's agreement to reduce the debt owed by Elected Official A to LINDENFELD's LSG as reported on the mayoral campaign's publicly filed Campaign Finance Reports.

Concealment of the Conspiracy

23. To conceal the arrangement to repay Person D from auditors from the United States Department of Justice (“DOJ”), among others, a false contract meant to conceal the illegal diversion of grant funds was executed between Company 2 and Nonprofit 1, during a DOJ audit, after the issuance of a subpoena, and nearly seven months after the charitable and federal grant funds were used by defendant THOMAS LINDENFELD to repay Person D.

24. To conceal the arrangement to settle Elected Official A’s mayoral campaign debt to defendant THOMAS LINDENFELD and LSG, defendant LINDENFELD, Elected Official A and co-conspirators, known and unknown to the United States Attorney, agreed to falsify Elected Official A’s public disclosure forms. Subsequently, Elected Official A and the mayoral campaign’s treasurer falsely documented “in-kind” contributions allegedly made by LSG to the mayoral campaign in the amount of \$20,000 per calendar year. The deception was continued in each Campaign Finance Report filed thereafter in which Elected Official A’s mayoral campaign continued to reduce the debt to LINDENFELD and LSG in the amount of \$20,000 per year.

25. To prevent further inquiry into the relationship between defendant THOMAS LINDENFELD and Elected Official A following scrutiny from NOAA and press inquiries into “Blue Guardians” and its association with LSG and Elected Official A, defendant LINDENFELD, at Elected Official A’s direction, and others known and unknown to the United States Attorney, attempted to repurpose the \$500,000 appropriation dedicated to “Blue Guardians” by asking NOAA to divert the funds to another federal project.

ACTS IN FURTHERANCE OF THE CONSPIRACY

26. On or about the dates set forth below, defendant THOMAS LINDENFELD, Elected Official A, and their co-conspirators executed and attempted to execute the scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations, and promises, by transmitting and causing to be transmitted by means of wire in interstate commerce the following wire communications in the form of writings, signs, signals, pictures, and sounds as set forth:

Act in Furtherance	Interstate Wire Communication	Approximate Date
26(a)	Person C emailed LINDENFELD proposing a “strategic partnership” between LSG and Company 2.	January 9, 2008
26(b)	Person C transmitted to Person A at Nonprofit 1 a proposal to allegedly provide public policy software for Nonprofit 1. In the proposal, Person C sought “substantial upfront funding.”	January 14, 2008
26(c)	LINDENFELD emailed Person C with wiring instructions for a payment to be made to LSG’s bank account at United Bank in Bethesda, MD.	January 24, 2008
26(d)	Person C transmitted to Person A a fake engagement agreement intended to mask a \$600,000 payment from Nonprofit 1 to Company 2.	January 27, 2008
26(e)	Person C transmitted to LINDENFELD a fake contract intended to mask a \$600,000 wire transfer from Company 2 to LSG.	January 27, 2008
26(f)	At Person C’s direction, Company 2 wired \$600,000 from Company 2’s bank account at Bank of America to LSG’s bank account at United Bank.	January 31, 2008
26(g)	At LINDENFELD’s direction, LSG wired \$600,000 from LSG’s bank account at United Bank to Person D’s bank account at Wachovia Bank.	January 31, 2008

27. On or before February 20, 2009, defendant THOMAS LINDENFELD and others known to the United States Attorney, at the direction of Elected Official A, submitted to the Appropriations Committee of the United States House of Representatives an “FY 2010 APPROPRIATIONS PROJECT QUESTIONNAIRE” which sought 15 million dollars in federal funding for “Blue Guardians.” In the completed questionnaire, defendant LINDENFELD and others stated that “Blue Guardians is an environmental education and coastal heritage preservation effort working in poor communities along the Atlantic and Gulf Coasts, as well as the U.S. islands of the Caribbean Seas.”

28. In or around February 2009, Elected Official A instructed defendant THOMAS LINDENFELD to use a Philadelphia address for “Blue Guardians” because Elected Official A represented a Philadelphia constituency, and directed defendant LINDENFELD to discuss using 728 South Broad Street, Philadelphia, Pennsylvania with Person C.

29. In or around February 2009, defendant THOMAS LINDENFELD contacted Person C and secured Person C’s consent to use 728 South Broad Street, Philadelphia, Pennsylvania as the address for “Blue Guardians.”

30. Elected Official A memorialized and submitted his support for the earmark dedicated to “Blue Guardians” in a letter dated April 3, 2009 addressed to the Subcommittee Chairs of the House Appropriations Subcommittee on Commerce, Justice, and Science. In the letter Elected Official A reported that “Blue Guardians” was located at “728 South Broad Street, Philadelphia, Pennsylvania, 19146” and further described “Blue Guardians” as an existing active organization.

31. On or about February 1, 2010, Elected Official A's mayoral campaign reported the outstanding campaign debt to LSG in the campaign's publicly filed "Campaign Finance Statement" filed periodically with the Commonwealth of Pennsylvania. In this filing, Elected Official A falsely listed an "in-kind" contribution of \$20,000 from defendant THOMAS LINDENFELD's LSG to the mayoral campaign and correspondingly reducing the reported amount owed to LSG. The Campaign Finance Report was signed by Elected Official A affirming that his campaign "ha[d] not violated any provisions" of the applicable campaign finance laws.

32. On or before February 19, 2010, defendant THOMAS LINDENFELD and others known to the United States Attorney, at the direction of Elected Official A, submitted to the Appropriations Committee of the United States House of Representatives an "FY 2011 APPROPRIATIONS PROJECT QUESTIONNAIRE" which sought \$3 million in additional federal funding for "Blue Guardians." In the completed questionnaire, defendant LINDENFELD and others repeated that "Blue Guardians is an environmental education and coastal heritage preservation effort working in poor communities along the Atlantic and Gulf Coasts, as well as the U.S. islands of the Caribbean Seas."

33. On or about March 19, 2010, Elected Official A delivered a speech on the floor of the House of Representatives in support of an appropriations bill for fiscal year 2011 containing funding for "Blue Guardians."

34. On or about March 22, 2010, Elected Official publicly released from his office detailed information regarding the federal earmarks Elected Official A was seeking for fiscal year 2011 which include the 3 million dollar request for "Blue Guardians," and to further conceal the conspiracy and the arrangement to repay defendant THOMAS LINDENFELD and LSG, Elected

Official A listed “Blue Guardians” address as “728 South Broad Street, Philadelphia, Pennsylvania, 19146.”

35. On or about April 2, 2010, defendant THOMAS LINDENFELD and others known to the United States Attorney, at defendant LINDENFELD’s direction, created an email address, e.g., tlindenfeld@blueguardians.org, for use in corresponding with NOAA.

36. On or about April 8, 2010, defendant THOMAS LINDENFELD and others known to the United States Attorney, at defendant LINDENFELD’s direction, filed articles of incorporation in the District of Columbia creating “Blue Guardians.”

37. On or about April 9, 2010, defendant THOMAS LINDENFELD opened a bank account in the name of “Blue Guardians” at SunTrust Bank by depositing \$10,000 which had been obtained from LSG into the new account. Defendant LINDENFELD identified himself to SunTrust as the “President” of “Blue Guardians,” and was the only signatory on the account.

38. On or about the dates set forth below, defendant THOMAS LINDENFELD, Elected Official A, and their co-conspirators executed and attempted to execute the scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations, and promises, by transmitting and causing to be transmitted by means of wire in interstate commerce the following wire communications in the form of writings, signs, signals, pictures, and sounds as set forth:

Act in Furtherance	Interstate Wire Communication	Approximate Date
38(a)	LINDENFELD emailed his attorneys tasked with generating articles of incorporation for “Blue Guardians” and instructed them to use “728 South Broad Street, Philadelphia, Pa[,] 19146” as a corporate and mailing street address for “Blue Guardians.”	April 1, 2010
38(b)	LINDENFELD, and others known to the United States Attorney at LINDENFELD’s direction, applied for and obtained an Employer Identification Number (“EIN”) from the Internal Revenue Service (“IRS”) for “Blue Guardians” by completing an on-line application submitted over the internet.	April 8, 2010
38(c)	LINDENFELD emailed NOAA and reported that he and others known to the United States Attorney were preparing documents to respond to the agency’s grant requirements before the \$500,000 could be disbursed to “Blue Guardians.”	April 22, 2010

39. After the press began inquiring into “Blue Guardians,” in order to prevent the scheme from being discovered, defendant THOMAS LINDENFELD, Elected Official A, and others known to the United States Attorney attempted to persuade NOAA to repurpose the \$500,000 in federal funding that had been dedicated to NOAA.

40. To further conceal the scheme, on or about January 31, 2014, Elected Official A and his mayoral campaign continued the deception by submitting false entries the campaign's publicly filed Campaign Finance Report further reducing the debt to defendant THOMAS LINDENFELD and LSG by recording a fictitious "contribution in kind" in the amount of \$20,000. The Campaign Finance Report was signed by Elected Official A affirming that his campaign "has not violated any provisions" of the applicable campaign finance laws.

All in violation of Title 18, United States Code, Sections 1343, 1346, and 1349.

ZANE DAVID MEMEGER
United States Attorney for the
Eastern District of Pennsylvania